effort to make individuals assume more risk and costs in other areas, such as retirement and health-care plans.

Last-resort insurers are created by state governments, although they operate much like other insurance companies. Many of them are set up as associations, which actually write policies that cover hurricane damage from wind, among other standard threats. Any insurer that sells property insurance in the state must also be a member of the association.

But these insurers also differ in significant ways. They often don't have deep financial reserves, leaving other private insurers, and sometimes taxpayers, to help foot the bill for huge claims.

In a catastrophic situation, for instance, the associations are often authorized to impose assessments on all their member insurers. That can translate to rate increases or surcharges for policyholders throughout the state—not just in places hit by a storm. And after recent hurricanes in Florida and Louisiana, lawmakers tapped state coffers—and hence taxpayers—to help defray losses incurred by last-resort insurers.

The system ''shifts the risk literally from those who are most at risk . . . to individuals who are at less risk or even at no risk,'' says Robert Hartwig, president of the Insurance Information Institute, an industry trade group that plans to release a report detailing the growth of last-resort insurers.

States have a strong economic incentive to make coverage available, since most banks require insurance before they write a mortgage. If policies are tough to obtain, states could miss out on the revenue that comes with development—particularly on choice coastal property. Moreover, the states face political pressures from homeowners who want to be sure they have affordable insurance.

The government's role in homeowners insurance has long been a hodgepodge. Each state has its own regulator which typically sets or approves the rates insurers can charge.

Many insurers of last resort were established starting in the late 1960s, when urban riots led private insurers to shun some inner-city properties. Today, they cover a broad spectrum of homes. Generally, they aren't backed by state budgets.

While the rates charged by last-resort insurers can be high, they're generally not steep enough to invite competition from private insurers.

''There's no competition anymore,'' says Melanie Tringali, whose second home about half-a-mile from the water on Cape Cod is covered by Massachusetts' insurer of last resort, the Massachusetts Property Insurance Underwriting Association. Ms. Tringali switched in 2005, after her insurer told her agent it was no longer writing policies on the Cape. Ms. Tringali says the 1,000-square-foot house costs about $1,300 a year to insure.

Massachusetts hasn't been hit by a major hurricane since 1954. But in the wake of severe storms elsewhere, some forecasters believe that could change. Companies that build computer disaster models say the losses could be enormous, which has frightened many private insurers all along the Eastern seaboard. On the Massachusetts coast, private firms such as Hingham Group and Quincy Mutual Fire Insurance Co. are cutting back.

As a result, some 43 percent of homeowners on Cape Cod and nearby islands are now covered by the Massachusetts association. It issued more than twice as many policies last year as five years prior, and its liability more than quadrupled, to $92 billion.

Insurers of last resort in other states have seen similar growth. In Texas, liability almost tripled. In North Carolina, it quadrupled. In Rhode Island, it was up sixfold.

A severe storm in Galveston, Texas, site of a deadly 1900 hurricane, could cost the Texas Windstorm Insurance Association, the state's insurer of last resort, as much as $8 billion, officials there say. The association and its member insurers would be able to cover about $700 million in losses. Beyond that, it would need to ask all its member insurers—even those who don't write coastal coverage—to make up the huge shortfall. If insurers did have to chip in at that point, they would be permitted to recoup the funds through years of tax credits—a potentially big hit on the state budget.

''It's scary as hell,'' says James Elbert, an independent insurance agent who recently retired as chairman of the association's board.

The current situation represents a reckoning for years when states saw extensive waterfront growth, due in part to low insurance premiums. For a three-decade stretch starting in the early 1970s, private insurers were writing policies more or less freely along the water and relatively few major storms hit. Coastal development boomed.

Florida offers a glimpse into what could happen down the road. In the wake of recent storms that prompted many insurers to limit their exposure, the state's last-resort insurer is growing—and assuming more risk.

When the 2004 and 2005 hurricanes slammed its coast, the state's insurer of last resort, Citizens Property Insurance Corp., suffered heavy losses. It hit its own policyholders—and eventually even those insured by other companies in the state—with $2.7 billion in premium surcharges. Florida legislators also allocated $715 million to hold down fees.

Since last year, Citizens has continued its massive expansion, writing roughly 15,000 to 20,000 new policies a week. As a result, it could be on the hook for significant losses if major storms roll in. A direct hit on Miami could cost tens of billions of dollars, much of which would be borne by Citizens—now the largest property insurer in the state.

Some believe the federal government might be called upon in the event of severe losses. Washington is already taking on additional risk through the National Flood Insurance Program. Under that program, insurance agents sell special government-backed policies that cover water damage from floods, including from hurricanes. (Flood damage is generally excluded from policies issued by private insurers, which typically only cover wind damage from storms.)

Last year, the number of federal flood-insurance policies rose by 12 percent from 2005, when Katrina hit, mostly due to double-digit growth in hurricane-prone states such as Mississippi, New York, Louisiana and Texas.

Tom Lasater, a retired high-school principal in Galveston, has separate insurance policies to cover both flood and wind damage. He's got reason for caution. In 1900, a storm drove tides 8 to 15 feet high and inundated Galveston.

Today, Mr. Lasater pays about $1,000 a year for $225,000 worth of wind coverage from the Texas Windstorm Insurance Association on his two-story brick house, which he says is 13 feet above sea level and sits behind a 14-foot-high seawall. His former insurer said it would not renew his policy after Hurricane Rita ravaged the area in 2005. With the windstorm association, he says his premium is lower, though he'll have to pay more out of pocket through his deductible before coverage kicks in.

As for flood insurance, Mr. Lasater says he pays roughly $200 a year for his policy from the federal program. He says he only decided to buy it after Hurricane Katrina, when he saw insurers trying to deny claims by arguing that damage was caused by water, not wind. ''It was affordable, and I figured, 'Why take a chance?' '' he says.

A number of states, including Texas, are concerned about what could happen if their last-resort insurers face a significant deficit. Like officials in Florida, lawmakers in some states are also facing deep public anger about the rising cost of insurance on the coast.

''There's a catastrophe playing out with my constituents,'' says Robert O'Leary, who represents much of coastal Massachusetts in the state Senate. The private market, he says, ''is sort of shriveling.''

In South Carolina, the state's insurer of last resort has seen its liability nearly triple since 2001. The insurance commissioner, Scott Richardson, backed a plan to eventually lure more private insurers to the coast. A former insurance agent in Hilton Head, S.C., Mr. Richardson argued that premiums charged by the last-resort insurer were typically too low. Yesterday, state lawmakers approved legislation that will require the insurer to charge ''adequate'' rates.

The legislation also gives tax credits to insurers that offer wind coverage on the coast. That could cost the state budget $6 million to $10 million, and possibly more, Mr. Richardson says. ''If it makes a company go in and write 100 policies in Charleston, it's worth it,'' he says.

RESOLUTION NO. 07-214

By the Board of County Commissioners; A Resolution by the Board of County Commissioners of Pasco County, Florida, Supporting the Adoption of Legislation by the United States Congress for a National Disaster Plan to Provide a Comprehensive Legislative Solution to the Problems Presented by Natural Catastrophic Exposures for the Benefit of all Americans.

Whereas, several entities including the National Association of Insurance Commissioners, the Southern Governors Association, the Florida Legislature as well as other state legislatures have passed resolutions recognizing the importance of developing additional insurance capacity to insure the viability of coverage for catastrophic natural perils by endorsing the concept of a national disaster plan; and

Whereas, there have been significant insurance and reinsurance shortages, resulting in dramatic rate increases for consumers and businesses, and significant disruptions in the availability of catastrophe insurance around the country; and

Whereas, Hurricanes Katrina, Rita and Wilma, which struck the United States in 2005, caused over $200 billion in total economic losses, including insured and uninsured losses; and

Whereas, the United States Federal Government has provided and will continue to provide billions of dollars and resources to help our nation recover from catastrophes, including hurricanes, tornadoes, earthquakes, blizzards and other disasters, at huge costs to Amerian taxpayers; and

Whereas, the United States Federal Government has a critical interest in ensuring appropriate and fiscally responsible risk management and pre-planning for catastrophes through measures such as mitigation and improved building codes; and

Whereas, multiple proposals have been introduced in the United States Congress over the past decade to address catastrophic risk insurance, including the creation of a national catastrophic reinsurance fund and the revision of the Federal tax code to allow insurers to use tax-deferred catastrophe funds.

Now, therefore, be it resolved by the Board of County Commissioners of Pasco County,